

Message Text

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DRAFTED BY EA/IMS:ARDORNHEIM:CCH
APPROVED BY EA/IMS:EDWARD C. INGRAHAM
AID/ASIA/DCS - MR. LEHMANN

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SUBJECT: GOI BALANCE OF PAYMENTS

1. STUDY OF DATA CONTAINED IN BANK INDONESIA WEEKLY REPORT FOR OCT 21 SUGGESTS THAT EARLIER GOI/IMF PROJECTIONS FOR IMPORTS MIGHT TURN OUT TO BE GREATLY OVERSTATED, ENOUGH SO TO NEGATE THEIR ESTIMATE OF A 1.8 BILLION DOLS CURRENT ACCOUNT DEFICIT FOR GOI FY 1976/77.

2. IMPORTS ON C AND F BASIS FOR FIRST FOUR MONTHS OF CURRENT GOI FISCAL YEAR, WHEN PROJECTED ON STRAIGHT LINE, APPEAR TO BE RUNNING AT 4.5 BILLION DOLS ANNUAL RATE. THIS IS 31 PERCENT BELOW 6.5 BILLION DOLS LEVEL FORECAST BY GOI/IMF FOR FY 1976/77 AND EVEN 15 PERCENT BELOW 5.2 BILLION DOLS IMPORTS ESTIMATED BY BI FOR FY 1975/76 IN TABLE PREPARED FOR EXIM BANK AND KUHN LOEB. (AT SAME TIME, IMPORTS FOR FIRST SEVEN MONTHS, WHEN ANNUALIZED, WOULD TOTAL 4.2 BILLION DOLS FOR ALL OF CALENDAR 1976, OR 11 PERCENT UNDER 4.7 BILLION DOLS TOTAL FOR CALENDAR

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1975).

3. SAME WEEKLY BANK REPORT SHOWS NON-OIL EXPORTS IN APRIL-JULY 1976 PERIOD RUNNING AT 2.4 BILLION DOLS ANNUAL RATE, INSTEAD OF PREDICTED 2.1 BILLION DOLS LEVEL. IF

GOI/IMF FORECASTS OF 3.8 BILLION DOLS FOR NET OIL RECEIPTS AND 1.2 BILLION DOLS FOR NET NON-FREIGHT SERVICES DEFICIT PROVE TO BE APPROXIMATELY CORRECT, THEN THERE WOULD BE A CURRENT ACCOUNT SURPLUS OF ABOUT 500 MILLION DOLS RATHER THAN THE „795 MILLION DOLS DEFICIT PREDICTED.

4. 420 MILLION DOLS GROWTH IN GROSS FOREIGN EXCHANGE RESERVES BETWEEN APRIL AND JULY INDICATES POSSIBILITY FOR A MUCH IMPROVED BOP POSITION THIS FISCAL YEAR, ESPECIALLY WHEN COMPARED WITH 470 MILLION DOLS BOP SURPLUS PROJECTED BY GOI/IMF FOR ENTIRE FY 1976/77.

5. ARE THERE LARGE IMPORT ITEMS WHICH DID NOT SHOW UP IN APRIL-JULY PERIOD AND WHICH GOI/IMF EXPECTS TO BE IMPORTED BY END MARCH 1977? (IN THIS CONNECTION, WE ARE AWARE HOW FERTILIZER AND TELECOMMUNICATIONS EQUIPMENT IMPORTS SKEWED IMPORT DATA FOR 1975). CAN EMBASSY/MISSION OFFER OTHER REASONS FOR APPARENT DECLINE IN IMPORTS?

6. WE WOULD ALSO APPRECIATE EMBASSY/MISSION USING THIS OCCASION TO PROVIDE THEIR LATEST REPORTING AND THINKING ON GOI'S BOP POSITION FOR FY 1976/77. IF INDEED IMPORTS HAVE BEEN OVERESTIMATED, HOW WILL THIS AFFECT GOI'S FOREIGN EXCHANGE POSITION? HOW HAVE INFLOWS OF PRIVATE FOREIGN CAPITAL AND OFFICIAL AID BEEN PROGRESSING? CAN EMBASSY/MISSION FURNISH INITIAL BOP PROJECTION FOR FY 1977/78 AND ANY LATER YEARS?

7. EARLY ANSWERS TO THESE QUESTIONS WOULD BE HELPFUL, SINCE BOP PROJECTIONS HAVE TO BE MADE FROM TIME TO TIME. KISSINGER

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